



14421 County Rd. 10 • Ft. Lupton, Colorado 80621 • (303) 857-9999 • FAX (303) 857-0577 • E-MAIL Permitco 1@aol.com

FEDEX OVERNIGHT DELIVERY

January 10, 2008

**Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801**

Attn: Diana Mason

**Re: Fidelity Exploration & Production Company
Cane Creek Unit #2-2
2528' FNL and 760' FWL
SW NW Section 2, T26S - R19E
Grand County, Utah**

Dear Diana,

Enclosed please find two copies of the application for permit to drill for the subject well along with the required attachments.

If you should need additional information, please don't hesitate to contact me.

Sincerely,

PERMITCO INC.

**Venessa Langmacher
Consultant for:
Fidelity Exploration & Production Co.**

Enc.

**cc: Fidelity Exploration & Production Company - Denver, CO
Fidelity Exploration & Production Company - Sheridan, WY**

RECEIVED

JAN 14 2008

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO.: ML-40761	6. SURFACE: Stake
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
2. NAME OF OPERATOR: Fidelity Exploration & Production Company		8. UNIT or CA AGREEMENT NAME: Cane Creek Unit	
3. ADDRESS OF OPERATOR: 1700 Lincoln, Suite 2800, Denver, CO 80203		9. WELL NAME and NUMBER: Cane Creek Unit 2-2	
PHONE NUMBER: 303/893-3133		10. FIELD AND POOL, OR WILDCAT: Cane Creek Big Flat 170	
4. LOCATION OF WELL (FOOTAGES) 604739 X 4269798 Y 38.572337 AT SURFACE: 2528' FNL and 760' FWL AT PROPOSED PRODUCING ZONE: SW NW -109.797680		11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: Section 2, T26S - R19E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 29 miles west of Moab, UT		12. COUNTY: Grand	13. STATE: UT
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 760'	16. NUMBER OF ACRES IN LEASE: 715.52	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 Acres: SW NW	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): 3900'	19. PROPOSED DEPTH: 7,550'	20. BOND DESCRIPTION: Statewide Bond No. 190017646	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5947' GL	22. APPROXIMATE DATE WORK WILL START: ASAP	23. ESTIMATED DURATION: 25 Days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
17-1/2"	13-3/8", H-40, 48#	1,500'	130 sx CBM Lite, 4.2 ft3/sk, 10.5 ppg + 500 sx Premium, 1.16 ft3/sk, 15.8 ppg
12-1/4"	9-5/8", N-80, 40#	4,181'	1200 sx Elastiseal System, 1.47 ft3/sk, 14.35 ppg
8-3/4"	7", HCL-80, 29#	7,550'	600 sx Premium, 1.49 ft3/sk, 16.8 ppg

CONFIDENTIAL-TIGHT HOLE

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

AGENT: PermitCo Inc., 14421 County Road 10, Fort Lupton, CO 80621

AGENT'S PHONE NO.: 303/857-9999

NAME (PLEASE PRINT) **Venessa Langmacher**

TITLE **Agent for Fidelity Exploration & Production Company**

SIGNATURE

Venessa Langmacher

DATE

January 10, 2008

(This space for State use only)

API NUMBER ASSIGNED:

43019-31568

Approved by the
Utah Division of
Oil, Gas and Mining

RECEIVED

JAN 14 2008

DIV. OF OIL, GAS & MINING

(11/2001)

Date: **03-20-08** (See instructions on Reverse Side)

By: *[Signature]*

(AUTONOMOUS NAD 83)
 LATITUDE = 38°34'20.59" (38.572386)
 LONGITUDE = 109°47'54.12" (109.798367)
 (AUTONOMOUS NAD 27)
 LATITUDE = 38°34'20.66" (38.572406)
 LONGITUDE = 109°47'51.69" (109.797692)

CONFIDENTIAL - TIGHT HOLE

Cane Creek Unit #2-2
2528' FNL and 760' FWL
SW NW Section 2, T26S - R19E
Grand County, Utah

Prepared For:

Fidelity Exploration & Production Company

By:

PERMITCO INC.
14421 County Road 10
Fort Lupton, CO 80621
303/857-9999

Copies Sent To:

- 2 - Utah Division of Oil, Gas & Mining - SLC, UT**
- 1 - Utah Division of Oil, Gas & Mining - Price, UT**
- 1 - Utah State Institutional Trust Lands Administration - SLC, UT**
- 2 - Fidelity Exploration & Production Company - Denver, CO**
- 1 - Fidelity Exploration & Production Company - Sheridan, WY**



1. **Estimated Tops/Geologic Markers**

The estimated tops of important geologic markers are as follows:

<i>Formation</i>	<i>MD</i>	<i>Subsea</i>
Wingate Sand	Surface	
Chinle	446'	5,526'
Moenkopi	804'	5,168'
Cutler	1,277'	4,695'
Honaker Trail	2,628'	3,344'
Paradox Formation	3,739'	2,233'
Cane Creek Shale	7,372'	-1,400'
TD	7,550'	-1,578'

2. **Estimated Depths and Names of Anticipated Water, Oil, Gas or Other Minerals Bearing Formations**

<i>Substance</i>	<i>Formation</i>	<i>Depth</i>
Brine	1 st Salt	3,962'
Oil	Cane Creek	7,372'

3. **Well Control Equipment & Testing Procedures**

Fidelity Exploration & Production Company's minimum specifications for pressure control equipment are as follows:

Ram Type: A 5,000# BOP will be used from surface to 1500'. It will then be replaced with a 10,000# BOP to TD.



Application for Permit to Drill
Fidelity Exploration & Production Company
Cane Creek Unit #2-2
2528' FNL and 760' FWL
SW NW Section 2, T26S - R19E
Grand County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. ML-40761

DRILLING PROGRAM

Page 2

Fidelity Exploration & Production Company will comply with all requirements pertaining to well control as listed in the Rule R649-3-7 of the Utah Division of Oil, Gas & Mining.

The size and rating of the BOP stacks are shown on the attached diagram.

4. Casing Program

The proposed casing program will be as follows:

<i>Purpose</i>	<i>Depth</i>	<i>Hole Size</i>	<i>O.D.</i>	<i>Weight</i>	<i>Grade</i>	<i>Type</i>	<i>New/Used</i>
Surface	0'-1500'	17-1/2"	13-3/8"	48#	H-40	ST&C	New
Intermediate	0'-4,181'	12-1/4"	9-5/8"	40#	N-40 ⁸⁰	LT&C	New
Production	0'-7,550'	8-3/4"	7"	29#	HCL-80	LT&C	New

Casing design subject to revision based on geologic conditions encountered.

5. Cement Program

<i>Surface</i>	<i>Type and Amount</i>
0'-1,500'	Lead: 130 sx CBM Lite Type III, 1/4 pps Flocele, 10 pps Gilsonite, 2% CaCl ₂ , 10.5 ppg, 4.2 ft ³ /sk. Tail: 500 sx Premium Cement, 1% CaCl ₂ , 0.25 pps cellophane flake, 15.8 ppg, 1.16 ft ³ /sk.
<i>Intermediate</i>	<i>Type and Amount</i>
0'-4,181'	Lead: 600 sx Cement Elastiseal System 5 pps Silica Lite, 20% SSA1, 0.1% versaset, 1.5% FDP-C760-04, 14.35 ppg, 1.47 ft ³ /sk. Tail: 600 sx Cement Elastiseal System 5 pps Silica Lite, 20% SSA1, 0.1% versaset, 1.5% FDP-C760-04, 14.35 ppg, 1.47 ft ³ /sk.
<i>Production</i>	<i>Type and Amount</i>
3,500'-7,550'	600 sx One slurry premium cement, 30 pps hi-dense #4, 15% salt, 0.6% halad-413, 0.4% CFR3, 0.4% D-air 3000, 0.6% HR5, 0.4% Super CBL, 16.8 ppg, 1.49 ft ³ /sk.



6. Drilling Fluids

The proposed circulating mediums to be employed in drilling are as follows:

<i>Interval</i>	<i>Mud Type</i>	<i>Mud Wt.</i>	<i>Visc.</i>	<i>F/L</i>
0'-1,500'	Air Mist	8.4	30	N/C
1,500'-4,181'	Aerated Water	8.4	30	N/C
4,181'-7,550'	Oil Based Mud	15.5-15.6	50-65	5-6 cc

7. Testing, Logging and Coring

The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated.
- b. The logging program will consist of the following:
Run 1: Density Neutron Gamma Ray to be run from Surface to Intermediate.
Run 2: Density Neutron Gamma Ray Sonic to be run from Intermediate to TD.
- c. No cores are anticipated.

8. Anticipated Pressures and H₂S

- a. Normal pressures and temperatures are expected in the objective formation and will be controlled with heavy mud. A maximum bottom hole pressure of 7000 psi is expected. A maximum bottom hole temperature of 122 degrees Fahrenheit is anticipated. Sour gas (H₂S) is not anticipated.

9. Water Source

- a. Water will be purchased from the City Yard in Moab, UT (Water Permit Systems #10003).



Application for Permit to Drill
Fidelity Exploration & Production Company
Cane Creek Unit #2-2
2528' FNL and 760' FWL
SW NW Section 2, T26S - R19E
Grand County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. ML-40761

DRILLING PROGRAM

Page 4

10. Other Information

- a. Drilling is planned to commence immediately upon approval of this application.
- b. It is anticipated that the drilling of this well will take approximately 25 days.
- c. Lining of the reserve pit will be done if deemed necessary by the Utah Division of Oil, Gas and Minerals.
- d. At the end of drilling operations the location will be reclaimed and re-seeded as requested by the surface owner.

Surface Owner
State of Utah



FIDELITY E & P COMPANY

Utah State 2-2
SWNW, Section 2, T26S-R19E
Grand County, Utah

Typical 10,000 psi WP BOP Schematic Arrangement RSRRA*G*

Rotating Head .

10,000 psi WP Annular Preventer

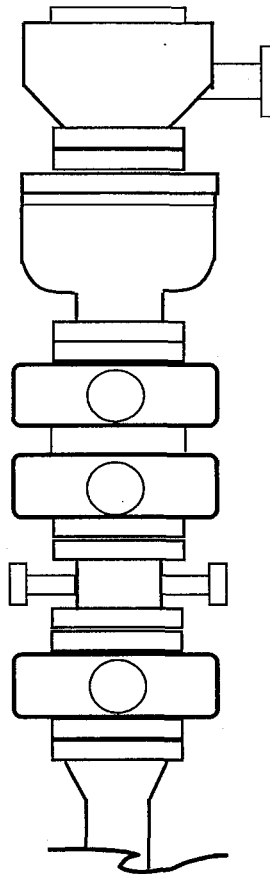
10,000 psi WP Double-Gate BOP
Pipe Rams

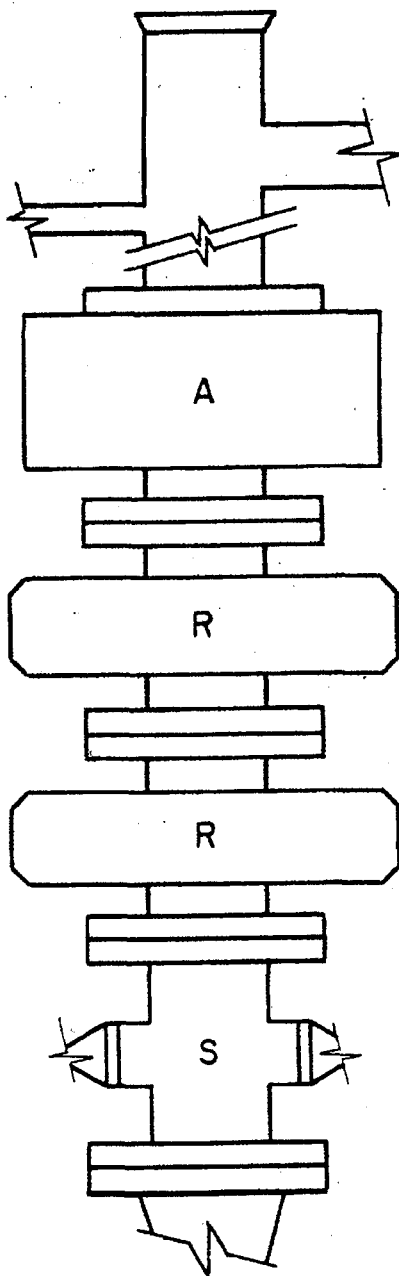
Blind Rams

10,000 psi WP Mud Cross

10,000 psi WP Single-Gate BOP
Blind Rams

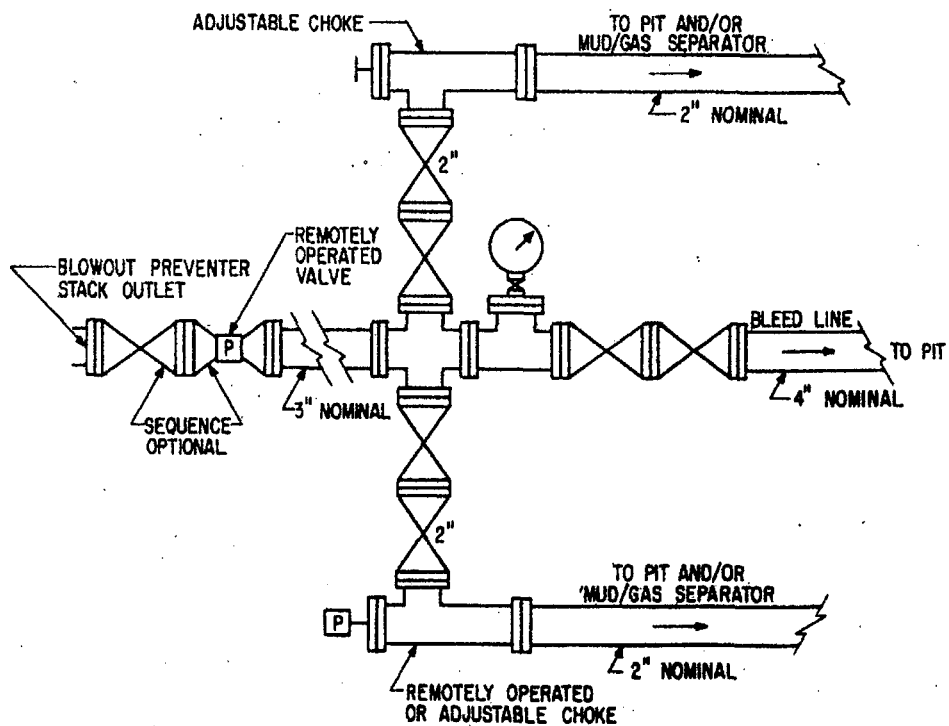
Casinghead





ARRANGEMENT SRRA
Double Ram Type Preventers, R_d, Optional.

**TYPICAL BLOWOUT PREVENTER
ARRANGEMENTS FOR 3M AND 5M RATED
WORKING PRESSURE SERVICE—
SURFACE INSTALLATION**



**TYPICAL CHOKES MANIFOLD ASSEMBLY FOR 5M
RATED WORKING PRESSURE SERVICE —
SURFACE INSTALLATION**

FIDELITY EXPLR. & PROD. CO.

CANE CREEK UNIT #2-2

LOCATED IN GRAND COUNTY, UTAH

SECTION 2, T26S, R19E, S.L.B.&M.



PHOTO: VIEW OF LOCATION STAKE

CAMERA ANGLE: SOUTHERLY

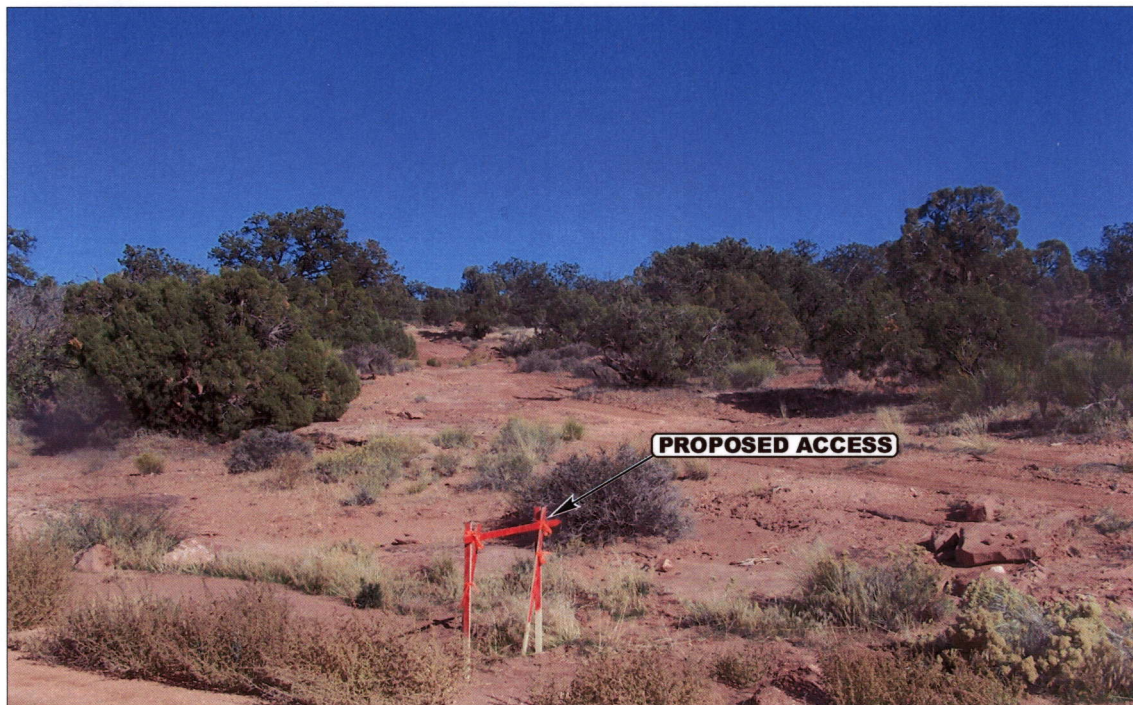


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

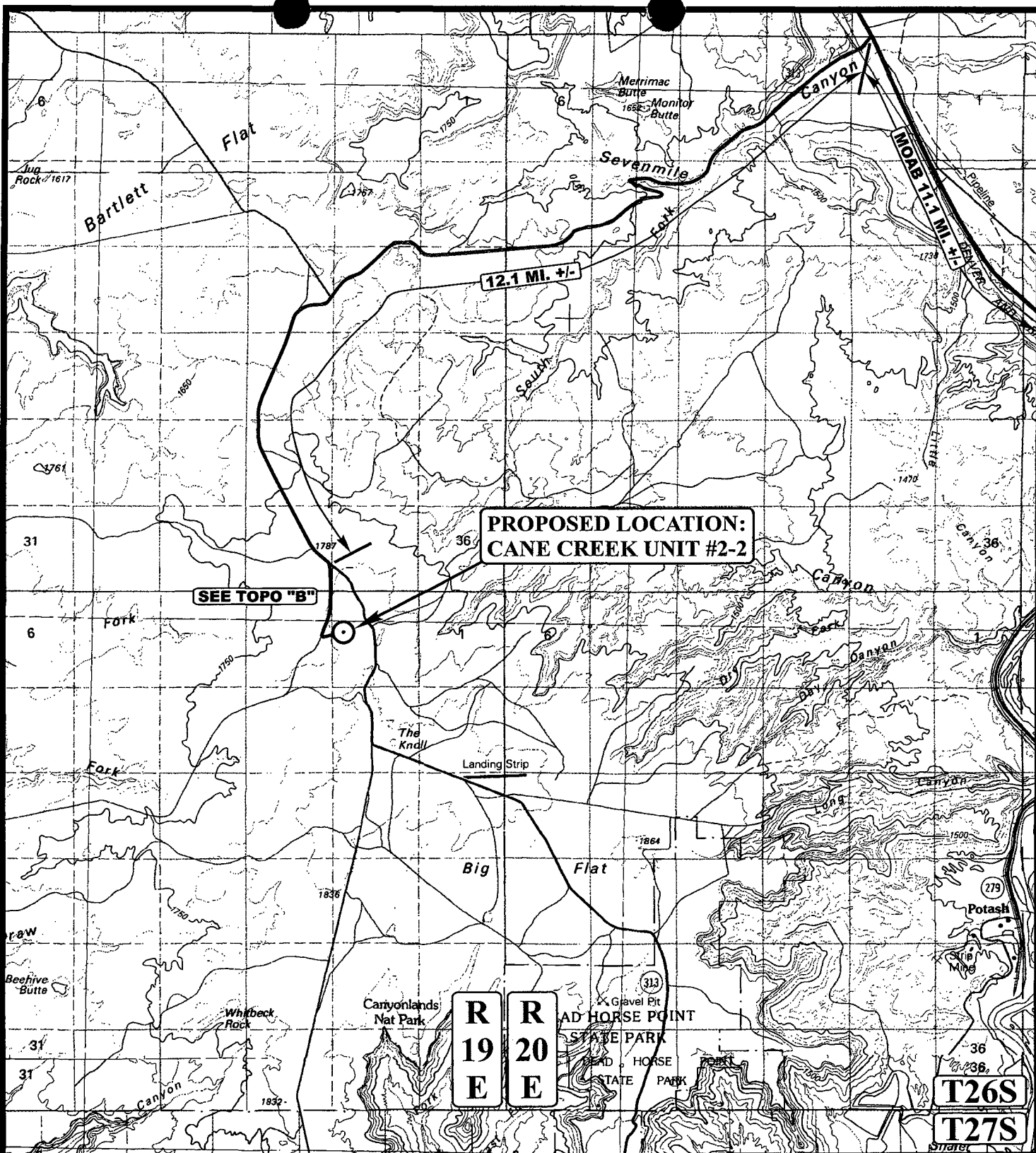
10 31 07
MONTH DAY YEAR

PHOTO

TAKEN BY: L.K.

DRAWN BY: C.C.

REVISED: 00-00-00



LEGEND:

○ PROPOSED LOCATION

FIDELITY EXPLR. & PROD. CO.

CANE CREEK UNIT #2-2
SECTION 2, T26S, R19E, S.L.B.&M.
2528' FNL 760' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



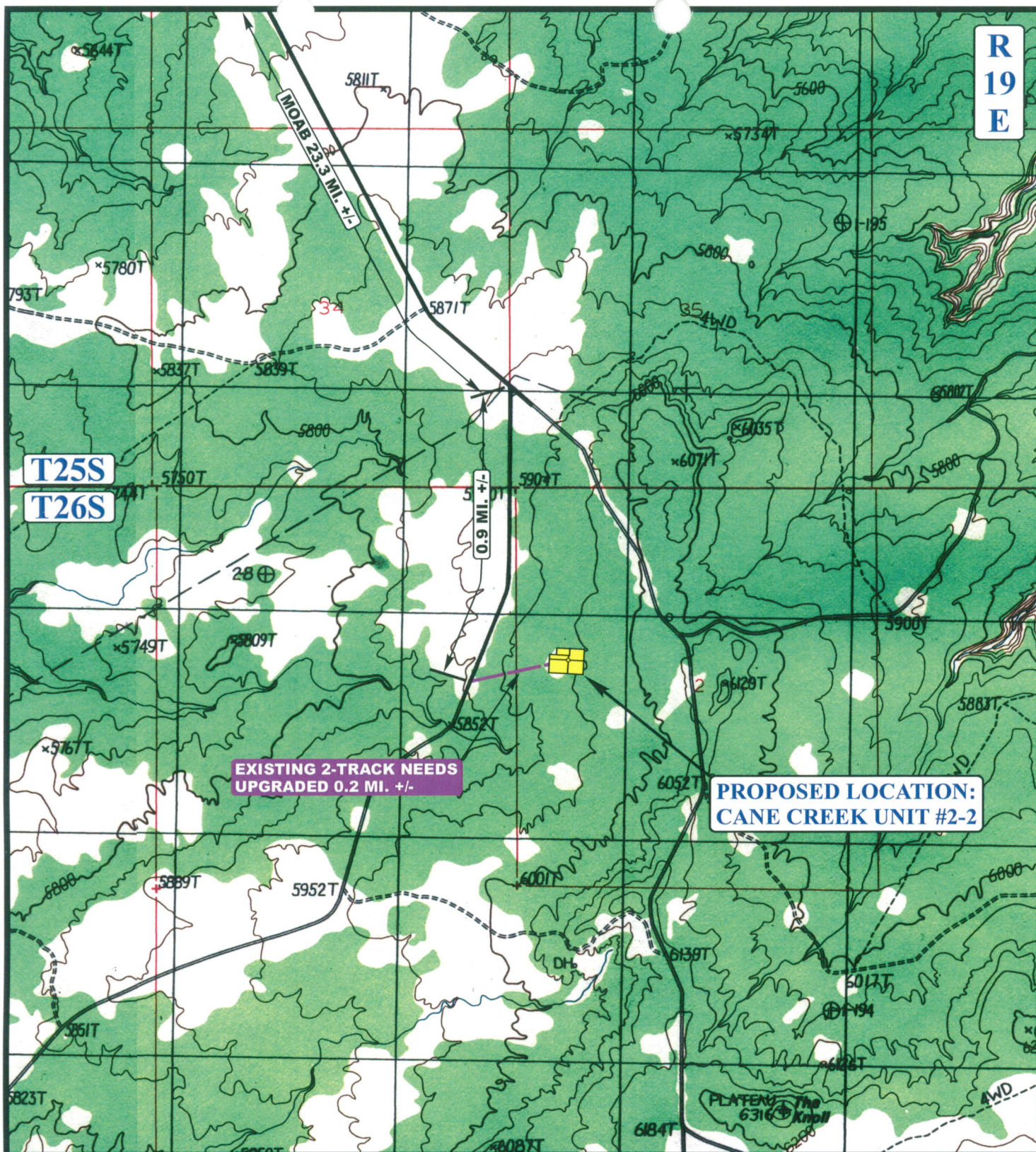
TOPOGRAPHIC
MAP

10 31 07
MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: C.C. REVISED: 00-00-00



R
19
E



T25S
T26S

EXISTING 2-TRACK NEEDS
UPGRADED 0.2 MI. +/-

PROPOSED LOCATION:
CANE CREEK UNIT #2-2

LEGEND:

- EXISTING ROAD
- - - EXISTING 2-TRACK NEEDS UPGRADED



FIDELITY EXPLR. & PROD. CO.

CANE CREEK UNIT #2-2
SECTION 2, T26S, R19E, S.L.B.&M.
2528' FNL 760' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

10 31 07
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.C. REVISED: 00-00-00



R
19
E

T25S
T26S

PROPOSED LOCATION:
CANE CREEK UNIT #2-2

LEGEND:

- | | |
|-------------------|-------------------------|
| ⊗ DISPOSAL WELLS | ⊗ WATER WELLS |
| ● PRODUCING WELLS | ⊗ ABANDONED WELLS |
| ⊖ SHUT IN WELLS | ⊖ TEMPORARILY ABANDONED |

FIDELITY EXPLR. & PROD. CO.

CANE CREEK UNIT #2-2
SECTION 2, T26S, R19E, S.L.B.&M.
2528' FNL 760' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



**TOPOGRAPHIC
MAP**

10 31 07
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.C. REVISED: 00-00-00

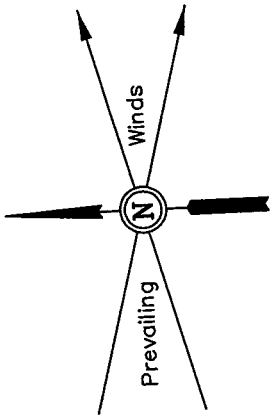


FIDELITY EXPLR. & PROD. CO.

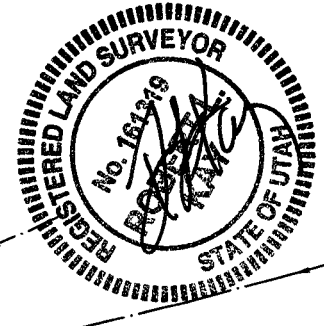
FIGURE #1

LOCATION LAYOUT FOR

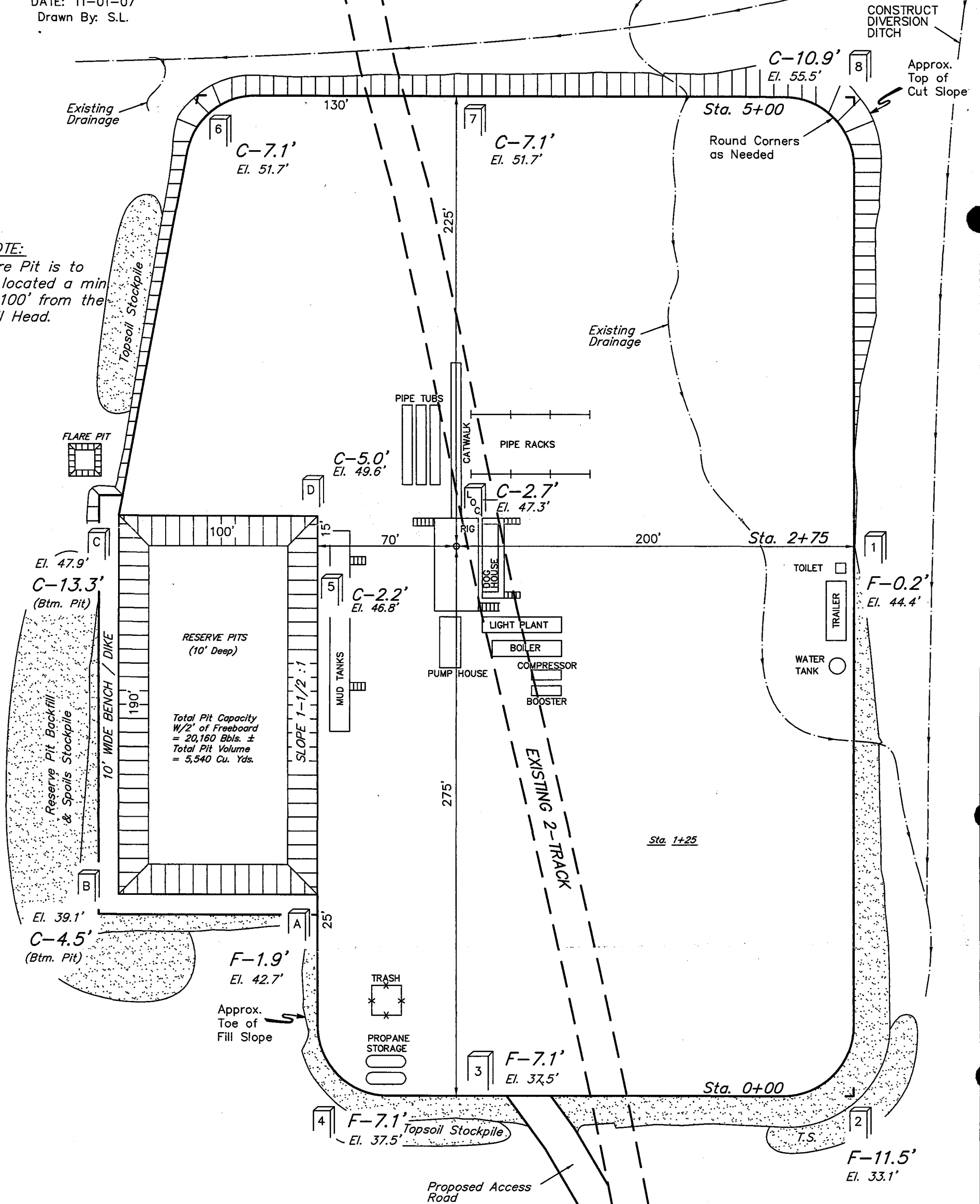
CANE CREEK UNIT #2-2
SECTION 2, T26S, R19E, S.L.B.&M.
2528' FNL 760' FWL



SCALE: 1" = 50'
DATE: 11-01-07
Drawn By: S.L.



NOTE:
Flare Pit is to be located a min of 100' from the Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 5947.3'
FINISHED GRADE ELEV. AT LOC. STAKE = 5944.6'

FIDELITY EXPLR. & PROD. CO.

TYPICAL CROSS SECTIONS FOR

CANE CREEK UNIT #2-2

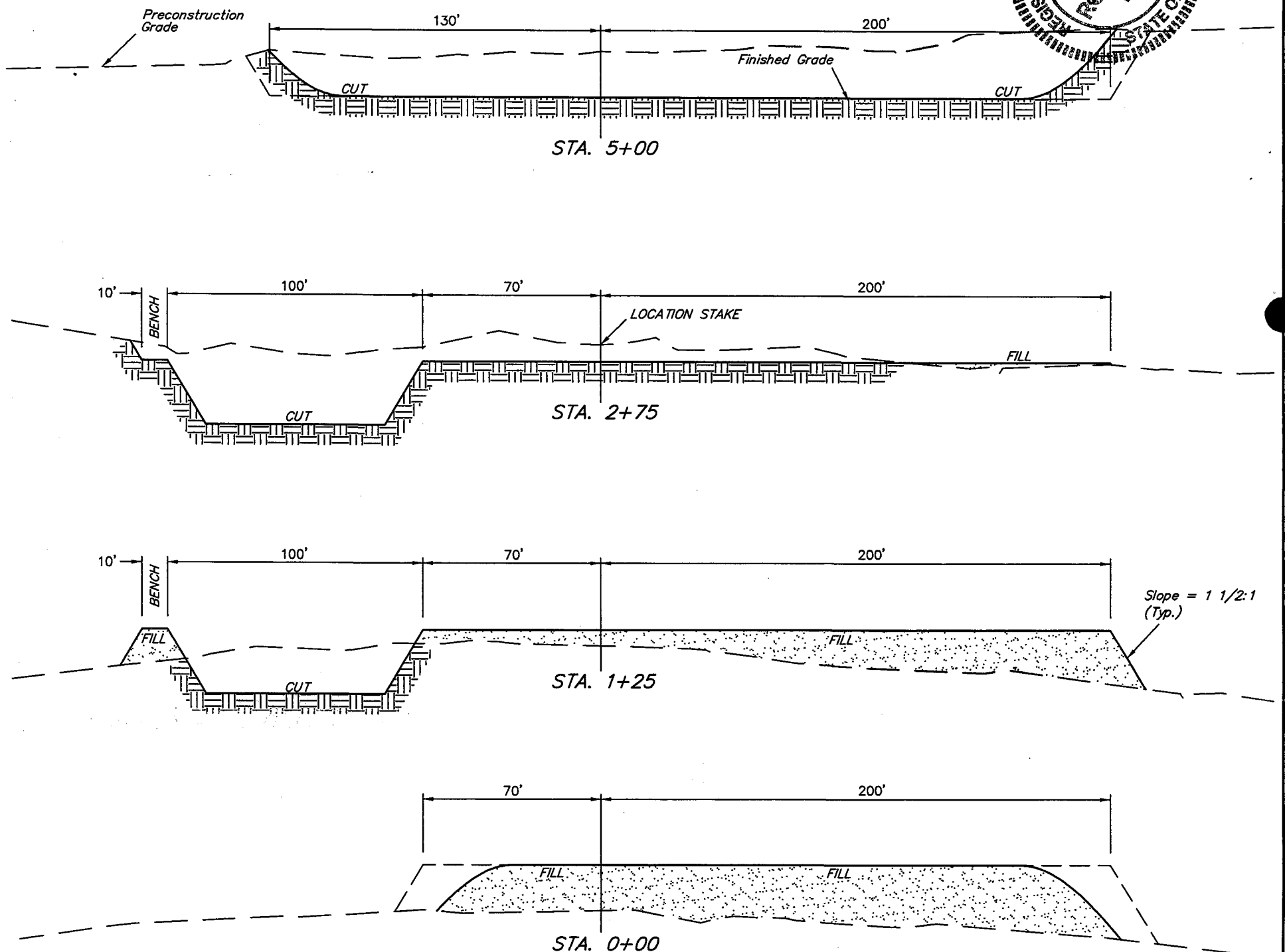
SECTION 2, T26S, R19E, S.L.B.&M.

2528' FNL 760' FWL

FIGURE #2

1" = 20'
X-Section
Scale
1" = 50'

DATE: 11-01-07
Drawn By: S.L.



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:

FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 3,610 Cu. Yds.
Remaining Location = 18,270 Cu. Yds.
TOTAL CUT = 21,880 CU.YDS.
FILL = 15,500 CU.YDS.

EXCESS MATERIAL = 6,380 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.) = 6,380 Cu. Yds.
EXCESS UNBALANCE = 0 Cu. Yds.
(After Interim Rehabilitation)

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/14/2008

API NO. ASSIGNED: 43-019-31568

WELL NAME: CANE CREEK U 2-2

OPERATOR: FIDELITY E&P COMPANY (N3155)

PHONE NUMBER: 303-857-9999

CONTACT: VENESSA LANGMACHER

PROPOSED LOCATION:

SWNW 02 260S 190E

SURFACE: 2528 FNL 0760 FWL

BOTTOM: 2528 FNL 0760 FWL

COUNTY: GRAND

LATITUDE: 38.57234 LONGITUDE: -109.7977

UTM SURF EASTINGS: 604739 NORTHINGS: 4269798

FIELD NAME: BIG FLAT (170)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	2/8/08
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-40761

SURFACE OWNER: 3 - State

PROPOSED FORMATION: CNCR

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 190017646)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 10003)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

_____ R649-2-3.
Unit: CANE CREEK
☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
_____ R649-3-3. Exception
_____ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
_____ R649-3-11. Directional Drill

COMMENTS:

Muds Presite (01-23-08)

STIPULATIONS:

*1. Specimen Shp
2 - STATEMENT OF BASIS
3 - Surface Csg Cont stip*

T25S R19E

T26S R19E

BIG FLAT FIELD CANE CREEK UNIT

KANE SPRINGS FED 3-1
MINERAL CANYON FED 1-3

CANE CREEK U 2-2

CANE CREEK 2-1

2

CANE CREEK 1-1

BHL
2-1

BHL
U-1
GLEN M RUBY 1-A
BIG FLAT UNIT 1

OPERATOR: FIDELITY EXPL & PROD (N3155)

SEC: 2 T.26S R. 19E

FIELD: BIG FLAT (170)

COUNTY: GRAND

SPACING: R649-3-3 / EXCEPTION LOCATION

Field Status
ABANDONED
ACTIVE
COMBINED
INACTIVE
PROPOSED
STORAGE
TERMINATED

Unit Status
EXPLORATORY
GAS STORAGE
NF PP OIL
NF SECONDARY
PENDING
PI OIL
PP GAS
PP GEOTHERML
PP OIL
SECONDARY
TERMINATED

Wells Status
GAS INJECTION
GAS STORAGE
LOCATION ABANDONED
NEW LOCATION
PLUGGED & ABANDONED
PRODUCING GAS
PRODUCING OIL
SHUT-IN GAS
SHUT-IN OIL
TEMP. ABANDONED
TEST WELL
WATER INJECTION
WATER SUPPLY
WATER DISPOSAL
DRILLING



PREPARED BY: DIANA MASON
DATE: 16-JANUARY-2008

Application for Permit to Drill

Statement of Basis

2/6/2008

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
664	43-019-31568-00-00		OW	S	No
Operator	FIDELITY E&P COMPANY	Surface Owner-APD			
Well Name	CANE CREEK U 2-2	Unit	CANE CREEK		
Field	BIG FLAT	Type of Work			
Location	SWNW 2 26S 19E S 2528 FNL 760 FWL GPS Coord (UTM) 604739E 4269798N				

Geologic Statement of Basis

This proposed well would spud in a thin, sandy, moderately to very permeable soil that is developed on surficially exposed strata of the Kayenta Formation near the mapped axis of the Cane Creek Anticline. In this axial position it is reasonable to expect that jointing and attendant lost circulation may be encountered during drilling. The operator proposes to use an oil based drilling fluid system after setting intermediate casing well into the Paradox Salt. This should protect any fresh water resources in shallower aquifers, if they exist. There are no water rights filed for water supply wells within a mile of the location. At this location fresh water is most likely to be encountered in the Wingate Sandstone Aquifer (poor permeability except where fractured). The sandstones of formations in the Cutler Group Aquifer could potentially contain a ground water resource but no fresh water has been documented in any of these in the area, even when they have been encountered relatively near the surface. The proposed casing and cementing program, if successful, should adequately protect any ground water resources encountered in the drilling of this well. The location is about 1 mile west of the head of Bull Canyon.

Chris Kierst
APD Evaluator

2/6/2008
Date / Time

Surface Statement of Basis

On-site evaluation completed January 23, 2008. In attendance: Charlie Harrison-Fidelity Exploration & Production, Bart Kettle-Division of Oil, Gas and Mining (DOGM), Ed Bonner-Trust Lands Administration (SITLA), Kyle Beagley-Division of Wildlife Resources (DWR). Invited, but electing not to attend: Liz Thomas-Southern Utah Wilderness Alliance (SUWA).

In order to accommodate the proposed drilling program a large well pad is being approved for drilling operations. Following the completion of drilling operations well pad shall be reclaimed and re-seeded back to portions required to perform normal production activities.

Drainage on the eastern portions of the well pad will require diversion to prevent overland flows during intense rain events from overwhelming reserve pit capacity.

Bart Kettle
Onsite Evaluator

1/23/2008
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils shall be properly installed and maintained in the reserve pit.
Surface	The reserve pit shall be fenced upon completion of drilling operations.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.
Surface	The well site shall be reclaimed back following the completion of drilling activities to only those portions required for normal production activities.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator FIDELITY E&P COMPANY
Well Name CANE CREEK U 2-2
API Number 43-019-31568-0 **APD No** 664 **Field/Unit** BIG FLAT
Location: 1/4,1/4 SWNW **Sec** 2 **Tw** 26S **Rng** 19E 2528 FNL 760 FWL
GPS Coord (UTM) **Surface Owner**

Participants

Charlie Harrison-Fidelity Exploration & Production, Bart Kettle-Division of Oil, Gas and Mining (DOGM), Ed Bonner-Trust Lands Administration (SITLA), Kyle Beagley-Division of Wildlife Resources (DWR).

Regional/Local Setting & Topography

Proposed project site is located ~29 mile west of Moab, in Grand County Utah. On a regional setting the well site is located in the northern portions of the Canyonlands Region of the Colorado Plateau. Topography in this area is generally a series of large sandy mesa's abruptly falling off into steep canyons comprised of alternating layers of sandstone and shale. Climatic conditions within the region are arid, and vegetation is typically sparse. The project site is located on the top of large mesa in the Deadhorse Point vicinity. Precipitation is classified as a 8-10" zone, and soils are dominated by unstable sand. Vegetation would best be described as mixed Pinion/Juniper woodlands and Black brush scrub communities. Water drainage is to the east, entering the Colorado River within 10 miles. No perennial water sources were observed in close proximity to the project site.

Surface Use Plan

Current Surface Use

Grazing

Wildlife Habitat

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0.25	Width 380 Length 500	Onsite	WINGT

Ancillary Facilities

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Flora:

Grass: Indian Rice Grass, cheatgrass, bottle brush squirrel tail, needle and thread.

Forbs: Russian thistle, birds beak, mustard spp, lomatium spp.

Shrubs: Mormon tea, four wing salt brush, broom snakeweed, Wyoming sage, black brush, rabbit brush spp, cliffrose, long flower snowberry.

Trees: Utah juniper, two needle pinion

Other: prickly pear cactus spp, Harriman's Yucca

Fauna: Host of small mammals, reptiles and migratory birds possible. Mule deer, coyote, bobcat and ravens year long residents.

Soil Type and Characteristics

Orange sandy loam

Erosion Issues Y

Soils erosive in nature when disturbed, no short term mitigation recommended

Sedimentation Issues N**Site Stability Issues N****Drainage Diversion Required Y**

Some drainage diversion will be required on the eastern portion of the well pad.

Berm Required? N**Erosion Sedimentation Control Required? N**

Paleo Survey Run? N Paleo Potential Observed? N Cultural Survey Run? Y Cultural Resources? N

Reserve Pit**Site-Specific Factors****Site Ranking**

Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	High permeability	20
Fluid Type	Oil Base Mud Fluid	15
Drill Cuttings	Salt or Detrimental	10
Annual Precipitation (inches)	10 to 20	5
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0

Final Score 50 1 Sensitivity Level

Characteristics / Requirements

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 16 Pit Underlayment Required? N

Other Observations / Comments

Access road has been changed from the submitted APD and will now enter the well pad from the east. New route requires an encroachment from UDOT which requires graveling while drilling the length of UDOT's ROW. If well is a producing well paving the length of UDOT's ROW will be required.

SITLA requires designation of operator and surface bonding from Fidelity Exploration & Production. SITLA request that while stripping the well pad vegetation and topsoil be piled separately.

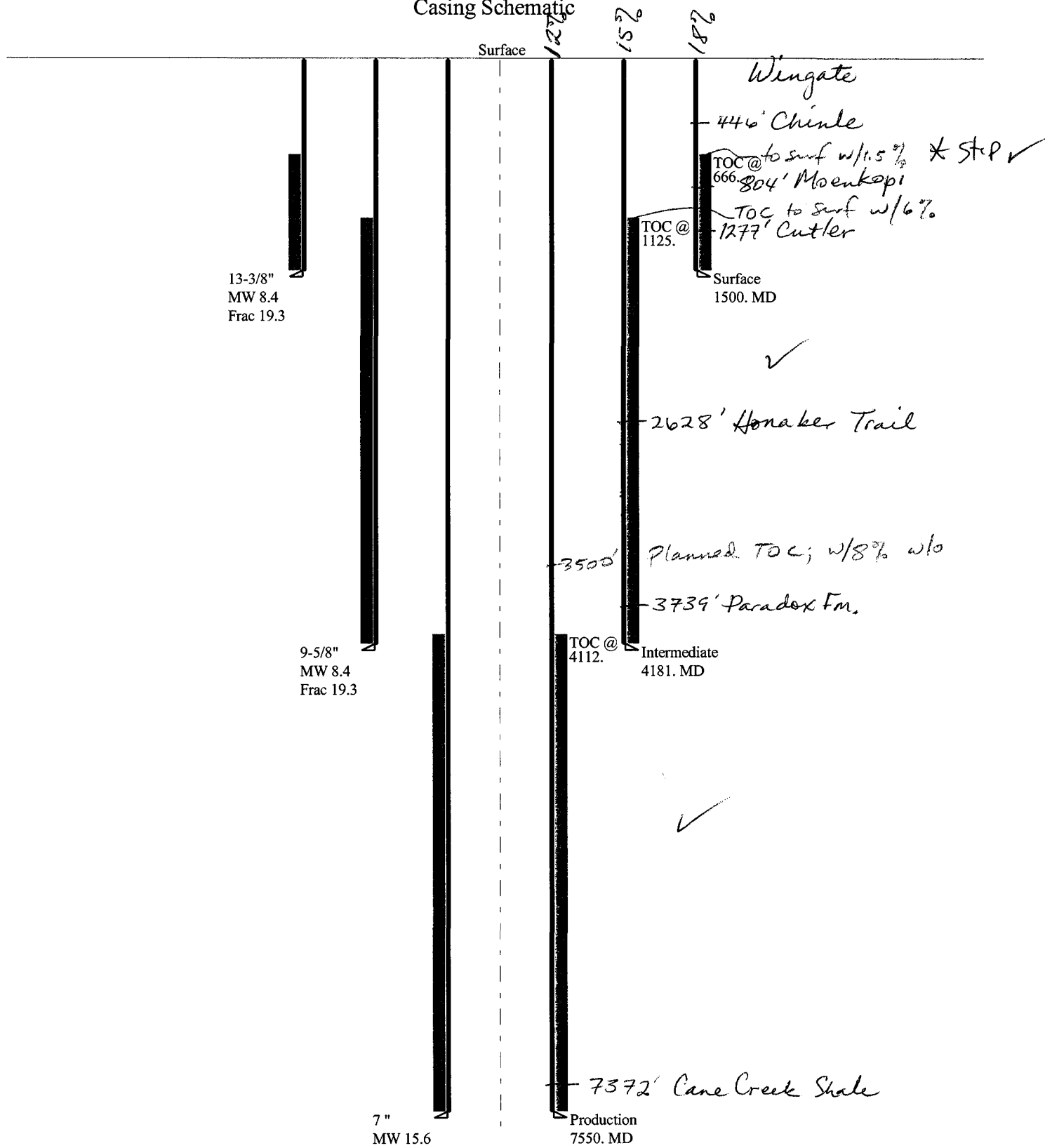
DWR list project site as suitable Desert Bighorn Sheep habitat, however on-site visit doesn't reveal indications of frequent use.

Bart Kettle
Evaluator

1/23/2008
Date / Time

2008-02 Fidelity Cane Creek U 2-2

Casing Schematic



BOPE REVIEW

Well Name

Fidelity Cane Creek U 2-2 API 43-019-31568

INPUT

Well Name

Fidelity Cane Creek U 2-2 API 43-019-31568			
String 1	String 2	String 3	String 4
13 3/8	9 5/8	7	
1500	4181	7550	
0	1500	4181	
8.4	8.4	15.6	
5000	10000	10000	
1730	5750	8160	
7000		17.8 ppg	

Casing Size (")
 Setting Depth (TVD)
 Previous Shoe Setting Depth (TVD)
 Max Mud Weight (ppg)
 BOPE Proposed (psi)
 Casing Internal Yield (psi)
 Operators Max Anticipated Pressure (psi)

Calculations

String 1 13 3/8 "

Max BHP [psi]	.052*Setting Depth*MW =	655	BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	475	YES
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	325	YES
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	325	NO <i>reasonable set depth</i>
Required Casing/BOPE Test Pressure		1211 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		0 psi	*Assumes 1psi/ft frac gradient

Calculations

String 2 9 5/8 "

Max BHP [psi]	.052*Setting Depth*MW =	1826	BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	1325	YES <i>Stripper head w/diverter</i>
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	906	YES <i>no expected pressures/flow</i>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	1236	YES <i>✓</i>
Required Casing/BOPE Test Pressure		4025 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		1500 psi	*Assumes 1psi/ft frac gradient

Calculations

String 3 7 "

Max BHP [psi]	.052*Setting Depth*MW =	6125	BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	5219	YES
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	4464	YES <i>✓</i>
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	5383	NO <i>reasonable</i>
Required Casing/BOPE Test Pressure		5712 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		4181 psi	*Assumes 1psi/ft frac gradient

Well name:

2008-02 Fidelity Cane Creek U 2-2Operator: **Fidelity Exploration & Production Company**String type: **Surface**

Project ID:

43-019-31568

Location: **Grand County****Design parameters:****Collapse**

Mud weight: 8.400 ppg

Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No

Surface temperature: 75 °F

Bottom hole temperature: 96 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 1,500 ft

Cement top: 666 ft

BurstMax anticipated surface
pressure:

1,320 psi

Internal gradient: 0.120 psi/ft

Calculated BHP 1,500 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Tension is based on buoyed weight.

Neutral point: 1,316 ft

Non-directional string.**Re subsequent strings:**

Next setting depth: 4,181 ft

Next mud weight: 8.400 ppg

Next setting BHP: 1,824 psi

Fracture mud wt: 19.250 ppg

Fracture depth: 1,500 ft

Injection pressure: 1,500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	1500	13.375	48.00	H-40	ST&C	1500	1500	12.59	1322.7
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	655	740	1.131	1500	1730	1.15	63	322	5.10 J

Prepared Helen Sadik-Macdonald
by: Div of Oil, Gas & MineralsPhone: 801-538-5357
FAX: 801-359-3940Date: February 7, 2008
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 1500 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

2008-02 Fidelity Cane Creek U 2-2Operator: **Fidelity Exploration & Production Company**

String type: Intermediate

Project ID:

43-019-31568

Location: Grand County

Design parameters:**Collapse**

Mud weight: 8.400 ppg

Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 2.000

Burst:

Design factor 1.00

Environment:

H2S considered? No

Surface temperature: 75 °F

Bottom hole temperature: 134 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 1,500 ft

Cement top: 1,125 ft

Burst

Max anticipated surface

pressure: 3,261 psi

Internal gradient: 0.220 psi/ft

Calculated BHP 4,181 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Tension is based on buoyed weight.

Neutral point: 3,659 ft

Non-directional string.**Re subsequent strings:**

Next setting depth: 7,550 ft

Next mud weight: 15.600 ppg

Next setting BHP: 6,118 psi

Fracture mud wt: 19.250 ppg

Fracture depth: 4,181 ft

Injection pressure: 4,181 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	4181	9.625	40.00	N-80	LT&C	4181	4181	8.75	1780
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1824	3090	1.694	4181	5750	1.38	146	737	5.04 J

Prepared Helen Sadik-Macdonald
by: Div of Oil, Gas & MineralsPhone: 801-538-5357
FAX: 801-359-3940Date: February 7, 2008
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 4181 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	2008-02 Fidelity Cane Creek U 2-2	
Operator:	Fidelity Exploration & Production Company	
String type:	Production	Project ID: 43-019-31568
Location:	Grand County	

Design parameters:
Collapse

Mud weight: 17.800 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 181 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Burst:

Design factor 1.00

Cement top: 4,112 ft

Burst

Max anticipated surface pressure: 5,320 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 6,981 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 5,516 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	7550	7	29.00	HCL-80	LT&C	7550	7550	6.059	1574.8

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	6981	9200	1.318	6981	8160	1.17	160	655	4.09 J

Prepared Helen Sadik-Macdonald
by: Div of Oil, Gas & Minerals

Phone: 801-538-5357
FAX: 801-359-3940

Date: February 7, 2008
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 7550 ft, a mud weight of 17.8 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

2008-02 Fidelity Cane Creek U 2-2Operator: **Fidelity Exploration & Production Company**String type: **Production**

Project ID:

43-019-31568

Location: **Grand County****Design parameters:****Collapse**

Mud weight: 15.600 ppg

Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 2.000

Burst:

Design factor 1.00

Environment:

H2S considered? No

Surface temperature: 75 °F

Bottom hole temperature: 181 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 1,500 ft

Cement top: 4,112 ft

Burst

Max anticipated surface

pressure: 4,457 psi

Internal gradient: 0.220 psi/ft

Calculated BHP 6,118 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 5,767 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	7550	7	29.00	HCL-80	LT&C	7550	7550	6.059	1574.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	6118	9200	1.504	6118	8160	1.33	167	655	3.92 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & MineralsPhone: 801-538-5357
FAX: 801-359-3940Date: February 7, 2008
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 7550 ft, a mud weight of 15.6 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

February 26, 2008

Memorandum

To: Assistant Field Office Manager Resources, Moab District
From: Michael Coulthard, Petroleum Engineer
Subject: 2008 Plan of Development Cane Creek Unit,
Grand and San Juan Counties, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following well is planned for calendar year 2008 within the Cane Creek Unit, Grand and San Juan Counties, Utah.

API#	WELL NAME	LOCATION
(Proposed PZ Cane Creek Shale)		
43-019-31568	Cane Creek Unit 2-2 Sec 2 T26S R19E 2528 FNL 0760 FWL	

This office has no objection to permitting the well at this time.

/s/ Michael L. Coulthard

bcc: File - Cane Creek Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:2-26-08

From: Ed Bonner
To: Mason, Diana
Date: 3/20/2008 1:24 PM
Subject: Well Clearance

CC: Curry, Kristine; Davis, Jim; Garrison, LaVonne; Hill, Brad; Jarvis, Dan
The following wells have been given cultural resources and paleontological resources clearance by the Trust Lands Administration:

Fidelity Exploration & Production

Cane Creek 2-2 (API 43 019 31568)

- * SITLA is requiring a paleontologist to be on site at the beginning of road and well location construction as recommended in the paleo report.
- * SITLA is requiring that the operator keep to the existing road alignment. Should archeological sites be encountered during the construction of the road and well location, work needs to cease and SITLA personnel notified. It is highly recommended that an archeologist be on site during the construction of road and well location construction.

NAE, LLC

CRU 16-14-2218 (API 43 019 31571)

If you have any questions regarding this matter please give me a call.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

March 20, 2008

Fidelity Exploration & Production Company
1700 Lincoln, Ste. 2800
Denver, CO 80203

Re: Cane Creek Unit 2-2 Well, 2528' FNL, 760' FWL, SW NW, Sec. 2, T. 26 South,
R. 19 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31568.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Grand County Assessor
Bureau of Land Management, Moab Office
SITLA

Operator: Fidelity Exploration & Production Company
Well Name & Number Cane Creek Unit 2-2
API Number: 43-019-31568
Lease: ML-40761

Location: SW NW Sec. 2 T. 26 South R. 19 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at: (801) 538-5338 office (801) 942-0871 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
7. Surface casing shall be cemented to the surface.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-40761
2. NAME OF OPERATOR: Fidelity Exploration and Production Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 2585 Heartland Drive Sheridan WY 82801		7. UNIT or CA AGREEMENT NAME: Cane Creek
PHONE NUMBER: (307) 675-4924		8. WELL NAME and NUMBER: Cane Creek Unit 2-2
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2528 FNL 0760 FWL		9. API NUMBER: 4301931568
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 2 26S 19E		10. FIELD AND POOL, OR WILDCAT: Big Flat
COUNTY: Grand		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON	
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR	
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE	
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL	
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Extend Permit</u>	
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION		

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Fidelity would like to request an APD extension on the referenced well.

Approved by the
Utah Division of
Oil, Gas and Mining

CONFIDENTIAL

Date: 03-02-09
By: [Signature]

NAME (PLEASE PRINT): <u>Stephanie Masters</u>	TITLE: <u>Operations Technician III</u>
SIGNATURE: <u>[Signature]</u>	DATE: <u>2/24/2009</u>

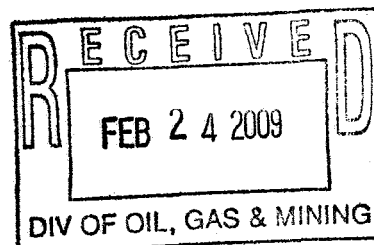
(This space for State use only)

COPY SENT TO OPERATOR

(5/2000)

Date: 3.4.2009
Initials: KS

(See Instructions on Reverse Side)



RES-1

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-019-31568
Well Name: Cane Creek Unit 2-2
Location: 2528' FNL and 760' FWL SWNW Sec2, T26S, 19E
Company Permit Issued to: Fidelity Exploration and Production Company
Date Original Permit Issued: 3/20/2008

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☐

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

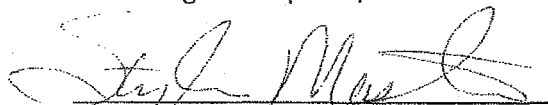
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐


Signature

2/24/2009

Date

Title: Operations Technician III

Representing: Fidelity Exploration and Production Company

CONFIDENTIAL

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9			
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-40761			
1. TYPE OF WELL Oil Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:			
2. NAME OF OPERATOR: FIDELITY E&P COMPANY		7. UNIT or CA AGREEMENT NAME: CANE CREEK			
3. ADDRESS OF OPERATOR: 2585 Heartland Drive , Sheridan, WY, 82801 8543		8. WELL NAME and NUMBER: CANE CREEK U 2-2			
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2528 FNL 0760 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWNW Section: 02 Township: 26.0S Range: 19.0E Meridian: S		9. API NUMBER: 43019315680000			
PHONE NUMBER: 303 893-3133 Ext		9. FIELD and POOL or WILDCAT: BIG FLAT			
COUNTY: GRAND		STATE: UTAH			
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA					
TYPE OF SUBMISSION	TYPE OF ACTION				
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 2/17/2010 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: _____ </td> </tr> </table>		<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: _____
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12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Fidelity would like to request an APD extension on the referenced well.					
Approved by the Utah Division of Oil, Gas and Mining Date: <u>February 18, 2010</u> By:					
NAME (PLEASE PRINT) Stephanie Masters	PHONE NUMBER 307 675-4924	TITLE Operations Tech			
SIGNATURE N/A	DATE 2/17/2010				

RECEIVED February 17, 2010



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43019315680000

API: 43019315680000

Well Name: CANE CREEK U 2-2

Location: 2528 FNL 0760 FWL QTR SWNW SEC 02 TWNP 260S RNG 190E MER S

Company Permit Issued to: FIDELITY E&P COMPANY

Date Original Permit Issued: 3/20/2008

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☐ Yes ☒ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

**Approved by the
Utah Division of
Oil, Gas and Mining**

Signature: Stephanie Masters

Date: 2/17/2010

Title: Operations Tech

Representing: FIDELITY E&P COMPANY

Date: February 18, 2010

By: 

RECEIVED February 17, 2010



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 23, 2011

Fidelity E&P Company
2585 Heartland Drive
Sheridan, WY 82801

Re: APD Rescinded – Cane Creek U 2-2, Sec. 2, T.26S, R. 19E
Grand County, Utah API No. 43-019-31568

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 20, 2008. On March 2, 2009 and February 18, 2010 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 20, 2011.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner